

U.S. General Services Administration (GSA)

PRESIDENTIAL TRANSITION “HOT ISSUES” INFORMATION PAPER

SUBJECT: *Unified Shared Services Management Funding and Sustainment*

1. BACKGROUND:

As agency budgets and resources continue to face fiscal pressures, and the high cost and threat of legacy systems loom, the government is in a position to create a more mature and scalable marketplace for shared systems and services for all back-office (administrative functions), including financial management, human resources, grants, travel, and IT. USSM is a critical component to the success of shared services because it has fostered an enterprise-wide management of all administrative shared service providers that has not existed to date. USSM is helping to address the challenges government faces which are barriers to increased adoption of shared services. This benefits the entire government. USSM responsibilities include supply management (creating transparency and performance management framework for suppliers of administrative services), demand management (increasing the likelihood of successful implementations and migrations to shared services), policy and funding, and oversight of migrations to leverage best practices and lessons learned.

Specifically, the benefits of creating a more sustainable, well-managed shared service capacity in government are:

- Efficiency - Leveraging fewer systems and resources to deliver common functions (HR, Finance, acquisition, travel, etc) will reduce duplication across the government.
- Cybersecurity - Fewer systems will be less cumbersome and costly to protect.
- Modernization Costs - Fewer systems will cost less as software versions are released and require updates.
- Mission - If agencies leverage shared services in a more efficient way, they can use their resources to focus on improving mission delivery.

The creation of USSM in 2015 by the Office of Management and Budget (OMB) to manage shared services across the government and create the optimal vision for how these common services are standardized and delivered has also posed an opportunity for GSA to be a leader for the delivery of these services to the Federal government. MITRE has completed a study that identifies GSA as a viable alternative for the consolidation of shared service providers into a new service because of the close alignment to the GSA mission and the need to create a Federal organization that can leverage industry to help scale and innovate. Funding for USSM was requested in the President's 2017 budget (\$5m).

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2. SCOPE AND EFFECT:

a. Impact on GSA's Customers:

- USSM is a cross-agency management organization that impacts not only GSA customers, but all Federal agencies currently using or considering migrating to a shared service provider for administrative functions. USSM's role to manage and standardize the marketplace and improve the quality of administrative services across the government will benefit all agencies. As budgets and resources become more restricted and technology becomes more expensive and challenging to maintain, agencies are considering shared services as an operational efficiency and risk mitigation strategy. Because GSA is also a provider of both IT and acquisition services, the governance, structure, and accountability of shared service providers would apply to those services within GSA as well. USSM is a neutral Program Management Office (PMO)-like organization with a government-wide perspective at managing the entire shared service ecosystem. Over 13 agencies provide at least one administrative shared service to other agencies today. Creating a more viable marketplace of providers for common functions will allow customers to focus more on mission.

b. Impact on GSA's Customers:

- If the Federal government shares more systems, there will be significant cost avoidance benefits for upgrading, protecting, and maintaining common administrative systems. If agencies are held accountable to both quantifying their current spend and aligning savings (both human and financial) to opportunities to give more to their respective missions, the benefits to the taxpayer of making a leaner administrative government are substantial.

3. ACTION(S) PLANNED OR REQUIRED:

The following priorities have been identified for USSM in FY2017. The delivery of these projects is dependent on funding:

- Execute the second year of ProviderStat, the performance management framework designed to provide more transparency and accountability of shared service providers. This includes:
 - The creation of a common list of activities eligible to be provided by a shared service provider
 - The annual execution of a customer satisfaction survey to help identify barriers to entry or service concerns
 - Common performance metrics and performance reporting against those metrics
 - Cost/Pricing Transparency
- Continue facilitating the governance model
 - Shared Service Governance Board (SSGB) - A cross-agency "board of directors" run by the Shared Service Policy Officer in OMB that addresses critical issues and determines the vision for shared services.

- Provider Council - Senior leadership of Federal agencies who deliver more than one administrative shared services and play a role in developing strategy to empower providers to innovate, drive ever greater economies of scale across government, and provide value to their Federal customers
- Customer Council - Senior leadership at all CFO Act agencies who represent more than one administrative function and who will help drive increased adoption while also helping identify concerns for SSGB/USSM to address
- Managing Partner Council - A group of SME agencies designated by the E-gov Act, or other policy, to set standard requirements and metrics for their function for the government

The following challenges exist in the ecosystem and are considered “barriers to adoption” of shared services. These challenges should be addressed by the next Administration because they will require policy or legislation:

- Shared Service organizations housed in parent agencies introduce potential mission-conflict. In order to increase capacity and protect home agencies from accepting risk that does not align to their mission, the Federal government has an opportunity to right-size the approach/organization for delivery of shared services. (See MITRE study)
- Regulations and requirements for funding limit the ability to invest in systems. The replacement of legacy systems (or the adoption of new systems for efficiency purposes) requires an initial investment.
- Requirements, business processes, and configuration are not common and focus too much on systems and not enough on outcomes. The Administration should direct agencies to a common way of performing common finance, HR, acquisition, and IT processes. This is necessary to build common systems.
- Agencies lack best practices to minimize modernization and migration risks. Continued enforcement of the M3 Framework will help to increase the likelihood of successful implementations to shared services.

4. KEY STAKEHOLDER INTEREST:

- All Federal Agencies and CXO suite leadership (including OMB, the Department of the Treasury, the Office of Personnel Management, and GSA)
- The Government Accountability Office
- Partnership for Public Service (Roundtable on Shared Services)
- ACT-IAC
- Shared Service Leadership Coalition (SSLC)
- Industry

5. FISCAL YEAR 2017/2018 BUDGET IMPACT:

The 2017 President’s budget requests \$5m to support the operational costs (FTE and project expenses) for USSM. In the absence of the appropriation, USSM has collected funds from CFO agencies via 1) CXO Council funding and 2) Line of Business funding. However,

growth of USSM and recognition of the full value proposition is dependent on a reliable and predictable budget.